

SOP for HOME Subsidy Layering

Overview

During the Proposal Process (outlined in the Proposal Process SOP), applications for HOME Investment Partnership (HOME) funds are reviewed to determine Subsidy Layering (Outlined below). The process of completing a Subsidy Layering Analysis is essential to ensuring that a project being applied for can be completed and to ensure that there are the appropriate number of HOME designated units in the project. The number of HOME designated units required is determined by the amount of funding for the entire project in relation to the amount of HOME funds being requested and the total units in the project.

Subsidy layering occurs when a project receives funds from more than just the City of Evansville HOME funds. As detailed in *HUD Notice CPD 98-01*, if the agency is planning to combine HOME funds and other governmental funds for a project, the City of Evansville must conduct an evaluation to demonstrate that the project will not use more HOME funding than necessary to provide affordable housing. A subsidy layering analysis is completed, even for projects that do not receive other governmental funds besides HOME, because the analysis poses important questions about the project's feasibility and the appropriate use of HOME funds.

The subsidy layering analysis is completed upon application for funds to determine the feasibility and ability to move forward with potential funding.

If it is determined through the subsidy layering analysis that a project is feasible and consistent with HOME regulations pursuant to the project at hand, the application is accepted and must go through the Proposal Process defined in the Standard Operating Procedure for Proposal Applications.

Excerpts from [HUD Notice CPD 98-01](#).

No more subsidies will be provided than is necessary to complete the project as defined in the proposal submitted. The project file will include documentation of the analysis performed. If additional funds are added during the project, a new analysis will be completed and documented in the project file.